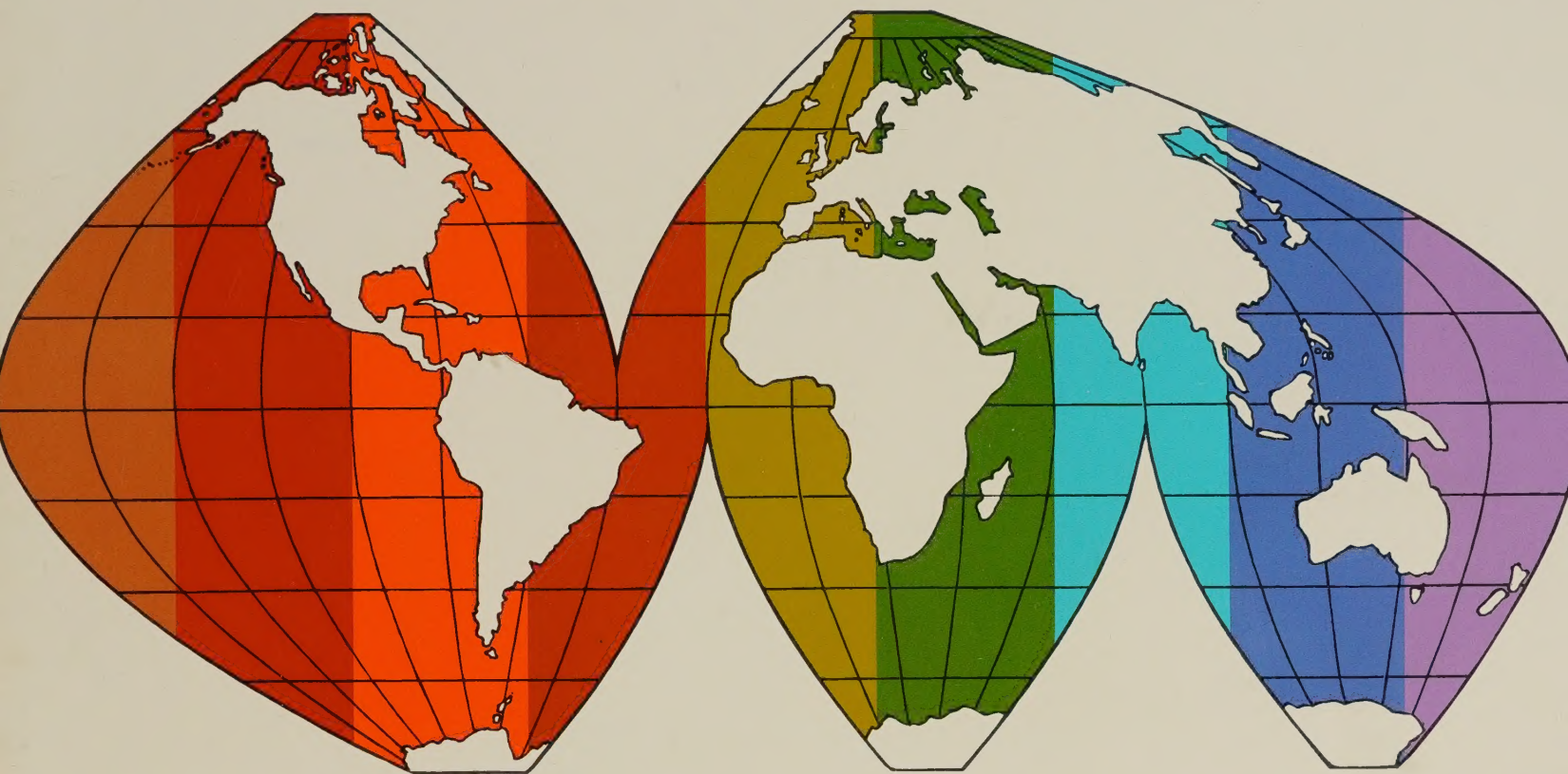
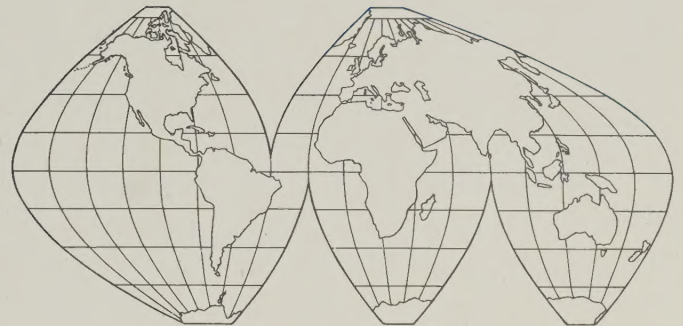


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MOORE
CORPORATION
LIMITED

ANNUAL
REPORT
1974





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Head Office

330 UNIVERSITY AVENUE, TORONTO M5G 1S3

Transfer Agents

NATIONAL TRUST COMPANY, LIMITED

21 King Street East, Toronto M5C 1B3

1350 Sherbrooke Street West, Montreal H3G 1J1

250 Portage Avenue, Winnipeg R3C 0B5

330 9th Avenue S.W., Calgary T2P 1K7

510 Burrard Street, Vancouver V6C 2J7

BANKERS TRUST COMPANY

485 Lexington Avenue, New York, N.Y. 10017



Moore
Corporation
Limited

Financial Highlights

Expressed in United States currency

	1974	1973
SALES	\$1,032,192,000	\$607,129,000
EARNINGS BEFORE INCOME TAXES, MINORITY INTERESTS AND EXTRAORDINARY ITEM	\$ 170,924,000	\$115,533,000
Per dollar of sales	16.6¢	19.0¢
INCOME TAXES	\$ 91,825,000	\$ 60,407,000
Per dollar of sales	8.9¢	9.9¢
EARNINGS BEFORE EXTRAORDINARY ITEM	\$ 72,725,000	\$ 54,896,000
Per dollar of sales	7.0¢	9.0¢
Per Common share	\$ 2.60	\$ 1.93
NET EARNINGS	\$ 74,725,000	\$ 55,760,000
Per dollar of sales	7.2¢	9.2¢
Per Common share	\$ 2.67	\$ 1.96
DIVIDENDS	\$ 26,894,000	\$ 21,970,000
Per Common share	96¢	77½¢
EARNINGS RETAINED IN BUSINESS	\$ 47,831,000	\$ 33,790,000
CURRENT ASSETS	\$ 443,393,000	\$346,328,000
CURRENT LIABILITIES	181,317,000	116,719,000
WORKING CAPITAL	\$ 262,076,000	\$229,609,000
Ratio of current assets to current liabilities	2.4 to 1	3.0 to 1
SHAREHOLDERS' EQUITY	\$ 358,398,000	\$310,020,000
Per Common share	\$ 12.79	\$ 11.07
Common shares outstanding	28,017,146	27,999,560
EXPENDITURE FOR FIXED ASSETS	\$ 56,937,000	\$ 26,123,000

The accounts of Lamson Industries Limited for the year 1974 are consolidated with those of the other Moore subsidiary companies in this report. The 1973 results have been restated to include on a consolidated basis the Lamson accounts from November 23, 1973, the date Moore acquired a majority interest in that company.





Moore
Corporation
Limited

Report to the Shareholders

Moore revenue from world-wide operations reached record heights in 1974. Total consolidated sales exceeded the billion dollar mark for the first time in history and set a new record for the twenty-second consecutive year. Total volume sold, including that of Lamson Industries Limited, amounted to \$1.032 billion representing an increase of 70.0% over the figure reported for 1973. The 1973 sales include Lamson volume from November 23, 1973, the date Moore acquired a majority interest in that company. On an independent basis, Moore recorded an increase in sales of 30.0% and Lamson 39.5% over comparable 1973 statistics.

Net earnings of \$74.7 million or \$2.67 per Common share established a new record for the sixteenth consecutive year. The increase of \$19.0 million recorded in 1974 was by far the largest in the history of the Corporation, exceeding 1973 earnings by 34.0%. The 1974 earnings include the Moore share of Lamson earnings for the entire year. The 1973 earnings include the Moore share of Lamson earnings from November 23, 1973. On an independent basis, Moore recorded an increase in 1974 earnings before minority interests and extraordinary item of 26.9% and Lamson 59.5% over comparable 1973 figures. In reviewing these earnings it should be borne in mind that the rate of inflation experienced in the year 1974 was at an abnormally high level.

In 1974 the Corporation changed from the first-in-first-out (FIFO) to the last-in-first-out (LIFO) method of valuing its principal raw material inventories in Canada and the United States. Because of the adoption of this more conservative method of accounting, 1974 earnings were reduced by approximately \$11.9 million or 43¢ per Common share. The LIFO method more closely relates current costs to current sales, particularly in times of high inflation.

The year was characterized by many difficult operating problems. Rapid escalation occurred in the price of raw materials and most of these raw materials were in short supply. Fortunately, market conditions made it possible to reflect these increased costs in the selling price of Moore products. Within the last few months the supply situation in paper eased somewhat but prices continued to increase.

Throughout most of 1974 demand for business forms was extremely strong and this taxed the productive capacity of the business forms industry. The slowdown in the economies of those countries in which the Corporation operates became evident during the last few months of the year and brought demand in line with supply. Entering 1975, the capacity of the industry is in excess of demand, creating market conditions completely different from those experienced during most of 1974.

A program of expansion and intensive training was continued throughout Moore marketing divisions, and

the new year begins with the strongest sales organization in the Corporation's history. In addition, progress was made in introducing new products to the extent that material supply and capacity permitted. These programs were supported by an extensive increase in productive capacity, with capital expenditures for 1974 totalling \$56.9 million, including \$16.7 million for Lamson. Not only was capacity increased but greater efficiency and productivity were achieved through the installation of the new generation of production equipment referred to in previous reports.

In 1974, earnings of the Lamson Group outside the United Kingdom increased by 100% and accounted for 75% of the total profit of the Group. Due in large measure to the impact of price and profit controls in the United Kingdom, earnings there increased by less than 7%, after adjusting for operations discontinued in 1973.

Throughout the year there was an increasing tempo of cooperative activity between Moore and Lamson. The results have been most effective. Through this close working together the Corporation is confident that maximum development of the growth and profit potentials available throughout the world markets it serves will be attained.

It is most difficult to assess the impact on the business forms industry of the current economic down trend which is evident throughout world markets. However, based upon programs for intensified sales effort and curtailment of costs it is expected that Moore will continue to turn in a satisfactory performance during 1975.

Richard W. Hamilton who was appointed executive vice-president of the Corporation effective April 1, 1974 was elected a director of the Corporation at the annual and general meeting of shareholders held on April 4, 1974.

John M. Kirkpatrick, formerly manager of International Operations, has been appointed vice-president and general manager of Moore Business Forms International, a division of the Corporation.

The Corporation is indebted to its employees, customers and suppliers for their great support during 1974. The strength of the organization, the financial resources available and the technology provided by our engineering departments equip the Corporation well for whatever challenges lie ahead.

On behalf of the Board,

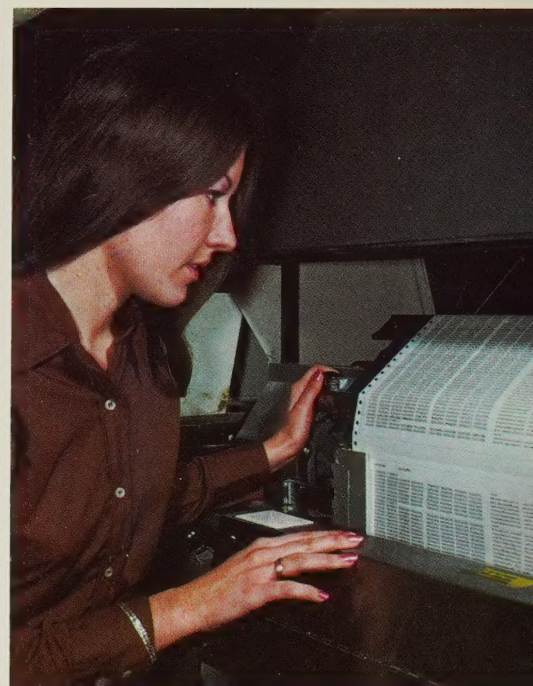
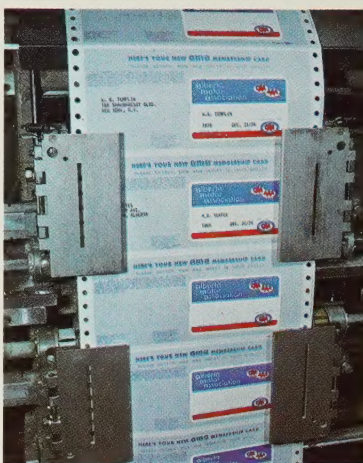
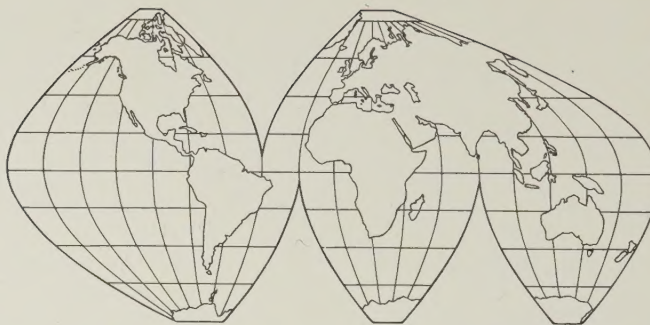
W. H. BROWNE
Chairman
March 4, 1975

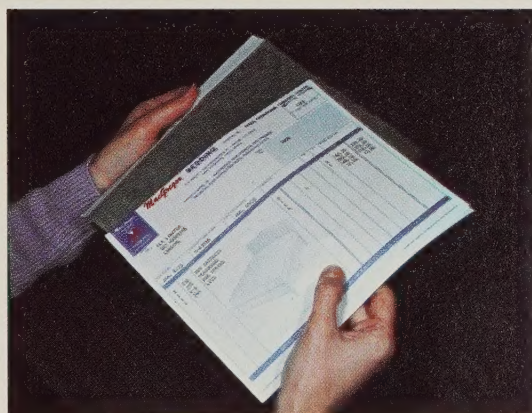
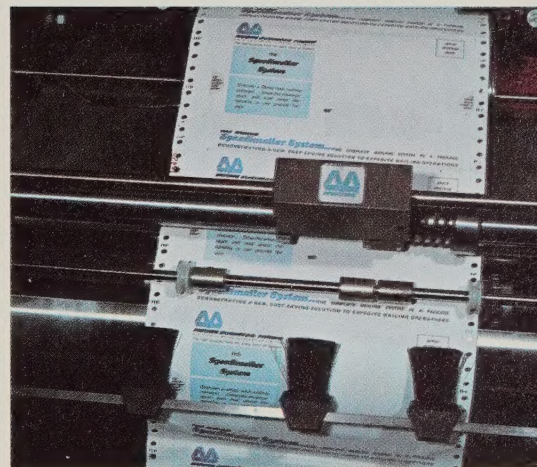
D. W. BARR
President

Moore Products Around the World

The universal application of Moore business forms and related products is illustrated on these pages. Whatever the nature, size or location of a business, Moore products are available to meet its business forms and forms-systems needs. Shown here are examples of continuous multiple part forms for computer print-out, and forms that carry various types of identification cards, credit cards, etc. Also illustrated are continuous forms that contain self-mailing envelopes, tab card sets used for billing purposes, and an autographic register for on-the-spot recording. Other products shown include Moore's newest detach and one of the pegboard systems used in the European market for payroll and tallying purposes.

Whatever the need, Moore has just the right business form or forms handling equipment to increase the efficiency of the system. The Corporation's extensive Research facilities ensure that all products meet the specifications of the most modern electronic business machines.







Moore
Corporation
Limited

Review of Operations for the Year 1974

The accounts of Lamson Industries Limited for the year 1974 are consolidated with those of the other Moore subsidiary companies in this report. The 1973 statements have been restated to include on a consolidated basis the Lamson accounts from November 23, 1973, when the majority interest in that company was acquired.

Sales and Earnings

Consolidated sales for 1974 reached the record level of \$1,032.2 million, an increase of \$425.1 million, or 70.0%, over the previous year. Sales in 1974 include \$270.7 million for Lamson Industries Limited.

Total sales by product: (\$000)

Business forms and related product lines	\$ 984,439	95.4%
Custom packaging .	47,753	4.6
	<u>\$1,032,192</u>	<u>100.0%</u>

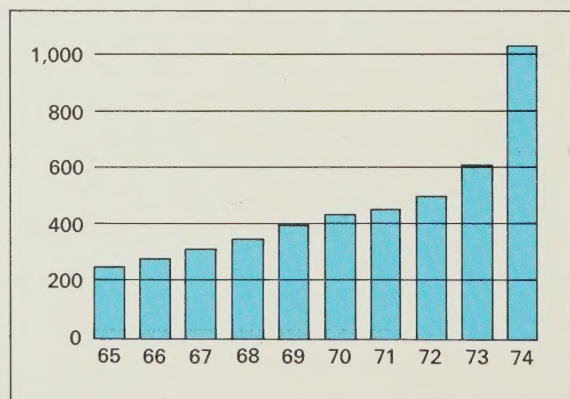
Geographic distribution of total sales: (\$000)

United States . . .	\$ 634,969	61.5%
Canada . . .	93,548	9.1
Mexico, Central and South America and the Caribbean . .	33,001	3.2
Great Britain . . .	91,028	8.8
Europe . . .	120,437	11.7
Africa . . .	16,546	1.6
Australasia . . .	39,225	3.8
Other countries . .	3,438	.3
	<u>\$1,032,192</u>	<u>100.0%</u>

Consolidated net earnings for the year amounted to \$74.7 million or \$2.67 per Common share, compared to \$55.8 million

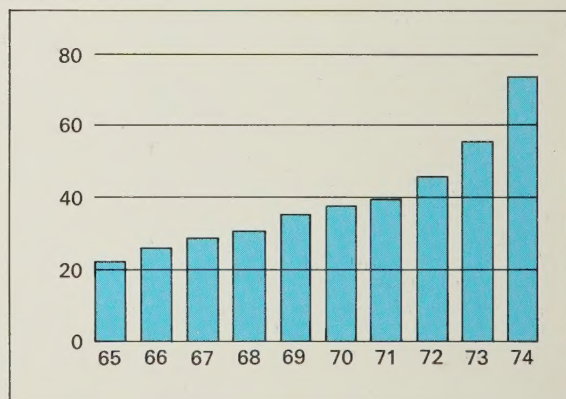
Sales

millions of dollars



Net Earnings

millions of dollars



or \$1.96 per share in 1973. The sale of fixed assets following consolidation of the custom packaging operations in Canada resulted in a non-recurring extraordinary gain of \$2,000,000 or 7¢ per Common share:

Two accounting changes relating to the valuation of inventories and the recording of investment tax credits occurred during the year. These changes, explained in Note 3 of the Notes to Consolidated Financial Statements, reduced net earnings for the year by \$13.6 million or 49¢ per Common share.

The following schedule shows the independent Moore and Lamson operating results for 1974 and relates them to comparable 1973 figures which, for Lamson, have been adjusted to exclude the operating results of companies sold in that year.

	Sales		Earnings before minority interests and extraordinary item	
	Millions of U.S. dollars	Increase over 1973	Millions of U.S. dollars	Increase over 1973
Moore	\$ 762.9	30.0%	\$70.1	26.9%
Lamson	270.7	39.5	15.2	59.5
	<u>1,033.6</u>		<u>85.3</u>	
Consolidation adjustments	1.4		6.2*	
	<u>\$1,032.2</u>	<u>70.0%</u>	<u>\$79.1</u>	<u>43.5%</u>

*Includes loss on foreign currency loans (\$2,400,000) and provision for pensions (\$756,000) charged to retained earnings in Lamson accounts and elimination of inter-company dividends (\$2,459,000).

The Moore share of Lamson net earnings in 1974 amounted to \$5,349,000, before deducting carrying charges of \$1,983,000 associated with the acquisition of the majority interest in Lamson.

Dividends and Retained Earnings

The quarterly dividend rate was increased from 20¢ to 23¢ effective July 2 and further increased to 30¢ effective with the dividend payable January 2, 1975. The four quarterly dividends declared on the Common shares totalled \$26.9 million or 96¢ per share compared with \$22.0 million or 77½¢ per share in 1973. The balance of net earnings, \$47.8 million, was retained in the business.

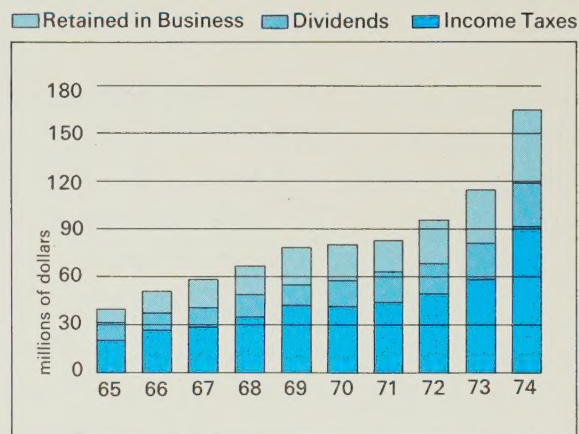
Consolidated Balance Sheet

The consolidated balance sheet reflects the inclusion of the assets and liabilities of Lamson Industries Limited, together with the minority interest in these net assets. The Notes to Consolidated Financial Statements on pages 16 through 19 provide further details on the composition of the balance sheet.

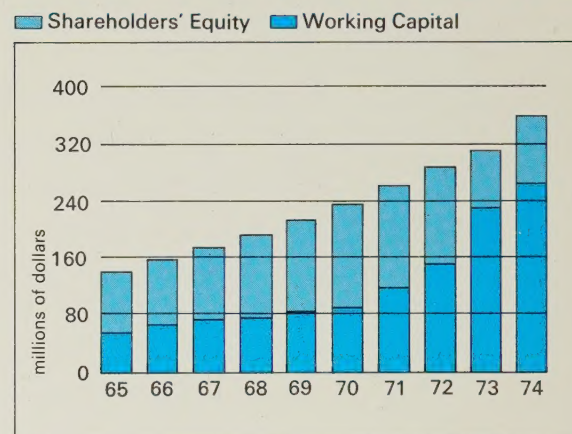
The proceeds of the \$50 million 6% Convertible Subordinated Debentures issued as of April 1, 1974, were used to retire the bank loans incurred in 1973 to finance the acquisition of a majority interest in Lamson Industries Limited.

Working capital totalled \$262.1 million at the end of the year, compared with \$229.6 million a year earlier. The working capital ratio at 2.4 compared with 3.0 at the end of 1973 reflects the impact of inflation and the expenditure for fixed assets.

Distribution of Earnings



Shareholders' Equity and Working Capital



Capital Expenditures

Expenditures for fixed assets in 1974 were \$56.9 million, including \$16.7 million for Lamson Industries Limited. The distribution of the 1974 expenditure is as follows:

	Land and Buildings	Machinery and equipment
	(\$'000)	
United States	\$ 7,400	\$23,418
Canada	2,333	3,933
Mexico, Central and South America and the Caribbean	1,439	1,703
Great Britain	2,404	6,091
Europe	1,100	4,702
Africa	10	568
Australasia	113	1,657
Other countries	—	66
	<u>\$14,799</u>	<u>\$42,138</u>

Acquisitions and Investments

During the year Lamson Industries Limited acquired the equity of Setright Registers Limited of London, England for a cash

consideration of approximately \$1,123,000. The operations of this new subsidiary complement and enlarge the existing Lamson position in the field of ticket issuing machines.

Toppan Moore Business Forms Co. Ltd., located in Japan, issued 1,000,000 additional shares in 1974 to finance its continued growth. The Corporation acquired 450,000 of these shares at a cost of \$761,000 and maintained its ownership of this company's stock at 45% of the shares outstanding.

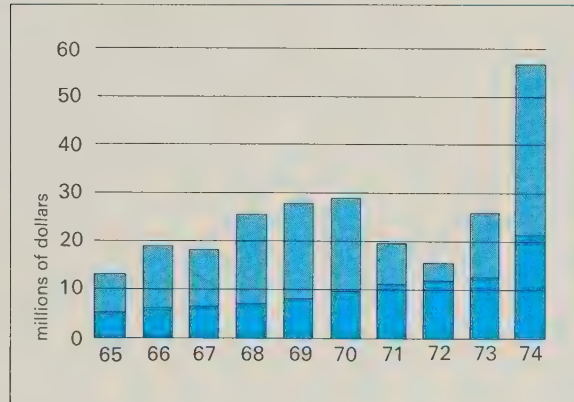
Capital Stock and Shareholders

Details of the Common shares issued during the year are set out in Note 7 on page 18.

At the end of 1974 there were 20,668 Moore shareholders. This compares with 21,303 at the end of the preceding year. The 1974 year-end total included 8,256 institutional holders. These comprise mutual funds, other investment companies, insurance companies, as well as banks, estates and pension trusts. The shares of the Corporation continue to have a wide geographical distribution.

Capital Expenditures and Depreciation

■ Capital Expenditures ■ Depreciation



Distribution of 1974 Revenue

Sales and investment and other income	\$1,036,919	100.0%
<i>Used as follows:</i>		
Wages, salaries and employee benefits	300,527	29.0
Materials, supplies and services	534,713	51.6
Depreciation	21,592	2.1
Taxes—Income, property and other	98,988	9.5
Minority Interests	6,374	.6
Dividends	26,894	2.6
Retained in Business	47,831	4.6

Research and Marketing

The new generation of manufacturing equipment for the production of business forms previously reported was introduced in depth in 1974. This enables the Corporation to move forward rapidly in the improvement of quality and the reduction of cost of its basic products. In addition, the improved technology provides a basis for further significant advances in automation and processing.

The use of Moore Carbonless Paper expanded during the year to the extent that supply permitted. This product has been well received in the marketplace and both manufacturing and processing costs continue to improve. It is anticipated that an increasingly larger segment of sales will involve the use of this type of paper.

An advanced type of computerized composition was developed and introduced into Moore's operations during 1974. The new system provides greater accuracy and economy. It also permits faster customer service and the efficient preparation of composition to meet the most sophisticated optical scanning requirements.

The capabilities of Compurite have been

expanded considerably. This is a Moore development which combines a computer and a printing press in a simultaneous printing operation. Many new systems applications have been developed and the quality of product and the cost of manufacture have been improved.

The Speediread product introduced early in 1974 to provide improved readability of data and more efficient use of materials enjoyed immediate user acceptance and the volume of sales increased steadily throughout the year.

Speedifax, a product family that features the use of low cost paper new to the industry, was introduced to broaden the line of product available for use over high speed printers.

Research, Marketing and other staff services continue to make a significant contribution to the progress of the Corporation.

Moore Employees

Continued growth, continued leadership, record sales, record earnings—these are the results of the combined efforts, skills, knowledge and dedication of Moore's 8,887 women and 20,648 men in 1974.



SAMUEL J. MOORE
Founder
Moore Corporation Limited
Lamson Industries Limited

A Man's Dream Became Reality

It was a memorable day in the history of business when, in 1882, in Toronto, an entirely new type of sales book embodying many advantages over the then current sales recording methods followed by retail merchants was shown to Samuel J. Moore. In it he saw a greatly improved tool for recording data, a tool that he was convinced would in the future make a significant contribution to improved business efficiency.

With characteristic energy Samuel Moore undertook to manufacture and introduce the new sales book to the retail merchants of Canada. Although sales were small, they were encouraging for they supported the soundness of this conviction that the product met the need for more efficient record keeping.

Moore next looked south of the border. Impressed with the far greater potential offered by the United States market, he realized that the future success of the enterprise would require automatic machinery for economical and dependable large-scale manufacture of the sales book. A contract was made with Kidder Press Company of Dover, N.H. for the manufacture of the product on the automatic equipment for which Kidder was noted. That company was later acquired by Mr. Moore. He then organized a small company, Carter and Company, for the production of sales books for the United States market, and a small frame building was erected in Niagara Falls, N.Y. This was the world's first plant devoted entirely to the production of business forms.

Mr. Moore was born in Doddington, Northamptonshire, England, and emigrated to Canada with his parents while he was in his early teens. He never forgot his English background and seized the opportunity to

visit London soon after the enterprise commenced in North America, taking with him his concept of the sales book, or counter check book as it was called in the United Kingdom. He was instrumental in organizing there in 1886 the Paragon Check Book Company for the manufacture and distribution of the new product. This was the beginning of the business forms industry in the United Kingdom.

Sales of the product expanded swiftly, and over a period of years the addition of different business form products broadened the scope of the industry. In 1973 the acquisition by Moore of a majority interest in Lamson Industries Limited (successor of the Paragon Check Book Company) united the two companies founded by Mr. Moore.

Today the business forms products of Moore Corporation Limited are sold on a world-wide basis. Moore Business Forms, Inc. covers the United States. Moore Business Forms, an operating division of Moore serves the Canadian market, while the Lamson Industries Group operates throughout the United Kingdom, Europe, Australasia and Africa. Other Moore subsidiaries and associated companies produce and sell business form products in Mexico, Central and South America, the Caribbean and in Japan and the Far East.

The original sales book concept has been greatly expanded to include a wide range of business forms, from simple handwritten types to highly complex forms for high speed electronic data writing equipment such as computers, optical scanning machines, and similar advanced data reading and writing equipment. In addition, specialized forms handling equipment amplifies the services Moore offers to its customers around the world.





Moore
Corporation
Limited
and subsidiary corporations


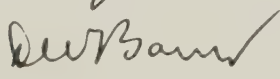
Consolidated Balance Sheet

Expressed in United States currency

ASSETS

	AS AT DECEMBER 31	
	1974	1973 Restated (Note 2)
CURRENT ASSETS		
Cash	\$ 11,845,000	\$ 19,207,000
Short-term securities, at cost which is approximate market value	19,990,000	33,009,000
Accounts receivable	198,548,000	162,617,000
Inventories	208,748,000	127,906,000
Prepaid expenses	4,262,000	3,589,000
TOTAL CURRENT ASSETS	443,393,000	346,328,000
FIXED ASSETS		
Land	28,171,000	27,602,000
Buildings	106,301,000	94,272,000
Machinery and equipment	298,045,000	265,412,000
	432,517,000	387,286,000
Less: Accumulated depreciation	155,155,000	140,887,000
	277,362,000	246,399,000
INVESTMENT IN OTHER CORPORATIONS	3,842,000	2,992,000
OTHER ASSETS (Note 4)	16,616,000	15,423,000
	<u>\$741,213,000</u>	<u>\$611,142,000</u>

LIABILITIES

	AS AT DECEMBER 31	
	1974	1973 Restated (Note 2)
CURRENT LIABILITIES		
Bank loans	\$ 37,715,000	\$ 13,219,000
Accounts payable and accruals	108,276,000	77,845,000
Dividends payable	8,405,000	5,599,000
Accrued income taxes	26,921,000	20,056,000
TOTAL CURRENT LIABILITIES	181,317,000	116,719,000
LONG-TERM DEBT (Note 5)	93,248,000	84,852,000
DEFERRED INCOME TAXES AND LIABILITIES (Note 6) . . .	48,172,000	43,181,000
EQUITY OF MINORITY SHAREHOLDERS IN SUBSIDIARY CORPORATIONS	60,078,000	56,370,000
	<u>382,815,000</u>	<u>301,122,000</u>
SHAREHOLDERS' EQUITY		
COMMON SHARES (Note 7)		
Authorized 31,779,264 shares without par value		
Issued and outstanding 28,517,146 shares (28,499,560 shares in 1973)	33,698,000	33,151,000
RETAINED EARNINGS	339,308,000	291,477,000
	<u>373,006,000</u>	<u>324,628,000</u>
LESS: Cost of 500,000 shares of the Corporation held by a subsidiary corporation	14,608,000	14,608,000
	<u>358,398,000</u>	<u>310,020,000</u>
Approved on behalf of the Board:		
 Director		
 Director		
	<u>\$741,213,000</u>	<u>\$611,142,000</u>



Moore
Corporation
Limited
and subsidiary corporations

Consolidated Statement of Earnings

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1974	1973 Restated (Note 2)
Sales	\$1,032,192,000	\$607,129,000
Cost of sales, selling and administrative expenses	844,403,000	482,700,000
Depreciation	21,592,000	13,325,000
	<u>865,995,000</u>	<u>496,025,000</u>
Income from operations	166,197,000	111,104,000
Investment and other income	4,727,000	4,429,000
Earnings before income taxes, minority interests and extraordinary item	170,924,000	115,533,000
Income taxes	91,825,000	60,407,000
Earnings before minority interests and extraordinary item	<u>79,099,000</u>	<u>55,126,000</u>
Minority interests	6,374,000	230,000
Earnings before extraordinary item	72,725,000	54,896,000
Extraordinary item (Note 10)	2,000,000	864,000
NET EARNINGS	<u>\$ 74,725,000</u>	<u>\$ 55,760,000</u>
EARNINGS PER COMMON SHARE (Note 11)		
Before extraordinary item	\$2.60	\$1.93
After extraordinary item	\$2.67	\$1.96

Consolidated Statement of Retained Earnings

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1974	1973
Balance at beginning of year	\$ 291,477,000	\$257,687,000
Net earnings	74,725,000	55,760,000
	<u>366,202,000</u>	<u>313,447,000</u>
Dividends 96¢ per Common share (77½¢ in 1973)	26,894,000	21,970,000
BALANCE AT END OF YEAR	<u>\$ 339,308,000</u>	<u>\$291,477,000</u>

Consolidated Statement of Changes in Financial Position

Expressed in United States currency

	FOR THE YEAR ENDED DECEMBER 31	
	1974	1973 Restated (Note 2)
SOURCES OF WORKING CAPITAL		
Earnings before extraordinary item	\$ 72,725,000	\$ 54,896,000
Items not requiring the current outlay of working capital, principally depreciation, deferred income taxes and minority interests	36,134,000	17,948,000
Working capital from operations	108,859,000	72,844,000
Working capital of Lamson Industries Limited at date of acquisition (Note 2)	—	47,175,000
Long-term debt	12,877,000	46,331,000
Sale of fixed assets	6,382,000	4,880,000
Common shares issued	547,000	2,186,000
Other sources	546,000	624,000
	<u>129,211,000</u>	<u>174,040,000</u>
APPLICATIONS OF WORKING CAPITAL		
Investment in Lamson Industries Limited (Note 2)	—	45,346,000
Expenditure for fixed assets	56,937,000	26,123,000
Dividends	26,894,000	21,970,000
Investment in other corporations	850,000	479,000
Goodwill	—	1,065,000
Dividends paid by subsidiaries to minority interests	2,403,000	995,000
Deferred charges	1,953,000	966,000
Retirement of long-term debt	6,431,000	352,000
Other applications	1,276,000	199,000
	<u>96,744,000</u>	<u>97,495,000</u>
INCREASE IN WORKING CAPITAL	32,467,000	76,545,000
WORKING CAPITAL AT BEGINNING OF YEAR	229,609,000	153,064,000
WORKING CAPITAL AT END OF YEAR	<u>\$262,076,000</u>	<u>\$229,609,000</u>



Moore
Corporation
Limited

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 1974

Expressed in United States currency

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Principles of consolidation:

Moore Corporation Limited is incorporated under the laws of the Province of Ontario, Canada.

The consolidated financial statements include the accounts of Moore Corporation Limited and all of its subsidiary corporations.

Translation of foreign currencies:

The consolidated financial statements are expressed in United States currency because the greater part of the assets, liabilities and earnings are located or originate in the United States. Canadian and other currencies have been translated into United States currency on the following bases:

Current assets, current liabilities, long-term receivables and long-term debt at the year-end rates of exchange;

All other assets, liabilities, accumulated depreciation and related charges against earnings, and share capital, at historical rates of exchange;

Income and expenses, other than depreciation, at average exchange rates during the year.

Net unrealized losses arising on translation of foreign currencies are charged to earnings. Net unrealized gains are deferred and included in accounts payable and accruals to the extent they exceed any losses previously charged to earnings.

Realized exchange gains or losses are included in earnings.

Inventories:

Inventories of raw materials and work in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value. The cost of the principal raw material inventories in Canada and the United States is determined on the last-in, first-out basis. The cost of all other inventories is determined on the first-in, first-out basis.

Fixed assets and depreciation:

Fixed assets are stated at historical cost after deducting

investment tax credits and other grants on eligible capital assets. Depreciation is provided on a basis that will amortize the cost of depreciable assets over their estimated useful lives, generally using the straight-line method.

Gains or losses on the disposal of fixed assets are included in earnings and the cost and accumulated depreciation related to these assets are removed from the accounts.

Goodwill:

Goodwill represents the excess of the cost of shares in subsidiaries over the book value of their net assets at date of acquisition, less the portion thereof allocated to tangible assets, and is being amortized by the straight-line method over a period of forty years.

Amortization of deferred costs:

Deferred debenture costs are amortized over a ten-year period to 1984 and deferred production engineering costs are amortized over varying periods not exceeding five years.

Income taxes:

The Corporation accounts for income taxes on the tax allocation basis which relates income taxes to the accounting income for the year.

The Companies Act of British Columbia:

The consolidated financial statements do not purport to comply with all disclosure requirements of The Companies Act of British Columbia.

NOTE 2 LAMSON INDUSTRIES LIMITED

For comparative purposes, the 1973 consolidated financial statements have been restated to include the accounts of Lamson Industries Limited from the date of acquisition of a majority interest of 52% of the ordinary shares of that corporation on November 23, 1973. On that date the Corporation acquired an additional 32% of the ordinary shares for a cash consideration of \$45,346,000, thereby increasing its investment to \$67,895,000.

The Corporation's investment in Lamson at the date of this acquisition was represented by:

Working capital	\$ 47,175,000
Fixed assets, less depreciation (including a 1973 appraisal increment of \$29,394,000)	84,277,000
Investment in other corporations	5,462,000
Other assets	1,682,000
	<u>138,596,000</u>
Less:	
Long-term debt . . . \$14,421,000	
Deferred income taxes and liabilities . . . 18,514,000	
Equity of minority shareholders <u>6,707,000</u>	
	<u>39,642,000</u>
Book value of net assets of Lamson	98,954,000
Less: Equity of minority shareholders in Lamson	48,905,000
	<u>50,049,000</u>
Add: Excess of cost of shares over the book value of net assets at date of acquisition allocated to:	
Investment in other corporations 9,535,000	
Goodwill <u>8,311,000</u>	
	<u>17,846,000</u>
Investment in Lamson Industries Limited	<u>\$ 67,895,000</u>

As the consolidated statement of earnings for the year ended December 31, 1973 included the Corporation's share of the earnings of Lamson Industries Limited from date of acquisition, net earnings for that year are unchanged as a result of the restatement.

NOTE 3 ACCOUNTING CHANGES

Valuation of inventories:

During the year the method of determining the cost of the principal raw material inventories in Canada and the United States was changed from the first-in, first-out to the last-in, first-out method. This change had the effect of decreasing the carrying value of these inventories at the year end by \$24,117,000 and of decreasing net earnings for the year by \$11,945,000

(43¢ per Common share). The consolidated financial statements for 1973 have not been restated for this change in accounting.

Investment tax credits:

Commencing in 1974 the cost of eligible property purchased and placed in service has been reduced by the related investment tax credits. In prior years investment tax credits were taken into income as a reduction of income taxes. This change had the effect of decreasing the cost of property purchased in 1974 by \$1,728,000 and of decreasing net earnings for the year by \$1,676,000 (6¢ per Common share).

NOTE 4 OTHER ASSETS

Other assets include the excess of the cost of shares in subsidiaries over the book value of their net assets at dates of acquisition, less amortization, amounting to \$10,746,000 (1973—\$11,142,000).

NOTE 5 LONG-TERM DEBT

	1974	1973
Moore Corporation Limited		
6% Convertible Subordinated Debentures due April 1, 1994 (Cdn. \$50,000,000)	\$50,474,000	\$ —
Bank loans	—	44,900,000
Moore Business Forms, Inc.		
7.90% Senior Notes due October 1, 1996	20,000,000	20,000,000
6.75% Promissory Note due December 31, 1986	3,532,000	3,742,000
Other	540,000	—
Lamson Industries Limited and its subsidiaries		
Secured bank loans	391,000	356,000
Unsecured bank loans	13,430,000	11,611,000
Other	2,676,000	2,454,000
Other subsidiaries	2,205,000	1,789,000
	<u>\$93,248,000</u>	<u>\$84,852,000</u>

The 6% Convertible Subordinated Debentures are convertible at any time until April 1, 1984 into Common shares at a rate of 17 Common shares per \$1,000 (Cdn.) principal amount of debentures. Under certain circumstances debentures are redeemable from April 1, 1978 in accordance with the provisions and sinking fund requirements specified in the trust agreement. The trust agreement provides for a sinking fund, in respect of the retirement of the debentures, to commence in 1985.

The Promissory Note is secured by mortgages on certain properties.

The long-term debt of Lamson Industries Limited and its subsidiaries bears interest at rates ranging from 6% to 15.5%. These debts mature, to the extent of \$16,424,000, on varying dates up to 1992 and the balance matures thereafter. Except for two loans in the amount of \$4,294,000, all loans are payable in currencies other than United States dollars. Bank loans and certain other loans are secured as to \$2,534,000 on the assets of eight Lamson subsidiaries.

Payments of \$6,431,000 at December 31, 1974 and \$681,000 at December 31, 1973 on long-term debt due within one year are included in accounts payable and accruals. For the years 1976 through 1979 payments required on long-term debt are as follows: 1976—\$6,284,000; 1977—\$1,535,000; 1978—\$6,033,000; 1979—\$3,685,000. No repayments of principal are required on the Senior Notes until 1981.

NOTE 6 DEFERRED INCOME TAXES AND LIABILITIES

Deferred income taxes in the consolidated balance sheet amount to \$38,571,000 at December 31, 1974 and \$34,608,000 at December 31, 1973. Deferred liabilities include \$8,791,000 (1973—\$7,703,000) provided by Lamson Industries Limited and its subsidiaries for pensions under unfunded retirement plans (Note 8).

NOTE 7 COMMON SHARES

At December 31, 1974, Lamson Industries Limited held 500,000 Common shares of the Corporation, the cost of which on consolidation is deducted from shareholders' equity.

During 1974, 17,586 Common shares were purchased by holders of options for a cash consideration of \$547,000. Options expire on various dates not more than ten years from the dates granted, and the option price per Common share is equivalent to the market value on the date of the grant. Details of the options outstanding at December 31, 1974 are as follows:

Year granted	Price per Common share in Canadian currency	Number of Common shares
1966	\$20.47	3,500
1972	47.69	12,048
1973	49.38	22,200

As required by the provisions of the trust agreement relating to the 6% Convertible Subordinated Debentures, 850,000 authorized Common shares are reserved to meet the conversion privilege of the debentures.

NOTE 8 RETIREMENT PLANS

Based on the latest reports of independent consulting actuarial firms on the Corporation's United States and Canadian retirement plans, all vested benefits are fully funded and it is estimated that the obligations for pension benefits expected to accrue and vest in the future which are related to prior service approximate \$18,500,000 as at December 31, 1974. These obligations will be recorded in the accounts and funded by annual payments over periods not exceeding twenty-seven years.

On January 1, 1969, a funded contributory retirement plan was introduced for employees of Lamson Industries Limited and certain United Kingdom subsidiaries in respect of pensionable service from that date. Current service costs under this plan are being charged to earnings and funded annually. Pensionable service prior to January 1, 1969, covered by former discretionary non-contributory retirement plans of those corporations was assumed as a prior service obligation which is unfunded and approximates \$6,444,000 at December 31, 1974. The provision for pensions referred to in Note 6 includes this amount which, with proposed future annual provisions until the next normal valuation, will broadly implement the 1974 recommendations of the actuaries to provide for this obligation. The annual provisions are charged to consolidated earnings. Retirement plans maintained by some of the overseas subsidiaries of Lamson Industries Limited are also unfunded, except for the current service portion of the

South Africa plan, and the provision for pensions includes \$2,347,000 which approximates the obligation for the accrued benefits under these plans as at December 31, 1974. The annual provisions are also charged to consolidated earnings.

NOTE 9 CONSOLIDATED STATEMENT OF EARNINGS

The consolidated statement of earnings includes the following:

	<u>1974</u>	<u>1973</u>
Remuneration paid to directors and senior officers	\$ 595,000	\$ 512,000
Interest on long-term debt	7,454,000	2,113,000
Other interest	3,149,000	—
Amortization of deferred production engineering costs	682,000	579,000
Amortization of deferred debenture costs	128,000	—
Amortization of goodwill	339,000	88,000
Deferred income taxes	3,963,000	3,300,000
Investment tax credits	—	1,028,000

NOTE 10 EXTRAORDINARY ITEM

	<u>1974</u>	<u>1973</u>
Profit on sale of land and building arising from the consolidation of the custom packaging operations in Canada, less tax of \$348,000	\$2,000,000	\$ —
Profit after tax on the sale of the converter machinery business	—	864,000

NOTE 11 EARNINGS PER COMMON SHARE

The earnings per share calculations are based on the weighted average of the Common shares outstanding during the year after eliminating the 500,000 Common shares held by Lamson Industries Limited and after crediting the minority shareholders of Lamson with their portion of the earnings of the Corporation attributable to those shares.

If it were assumed that the 6% Convertible Subordinated Debentures outstanding at December 31, 1974 had been converted into Common shares as of April 1, 1974, and all stock options outstanding as at December 31, 1974 had been exercised as of the beginning of the year with the funds derived therefrom yielding an annual return of 5% net of tax, the earnings per Common share for the year would have been:

Before extraordinary item	\$2.56
After extraordinary item	2.63

Auditors' Report

To the Shareholders of Moore Corporation Limited:

We have examined the consolidated balance sheet of Moore Corporation Limited and its subsidiary corporations as at December 31, 1974 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Moore Corporation Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors of Lamson Industries Limited.

Toronto, March 3, 1975

In our opinion these consolidated financial statements present fairly the financial position of the corporations as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles. Further in our opinion, after giving retroactive effect to the consolidation of Lamson Industries Limited referred to in Note 2, such accounting principles have been applied on a basis consistent with that of the preceding year except for the accounting changes described in Note 3 relating to valuation of inventories and to investment tax credits.

Price Waterhouse & Co.
Chartered Accountants



Moore
Corporation
Limited

Ten-Year Summary

Expressed in United States currency in thousands of dollars

Income Statistics	1974	1973 (i)	1972	1971
Sales	\$1,032,192	\$607,129	\$499,400	\$448,944
Earnings before income taxes, minority interests and extraordinary item	170,924	115,533	95,451	83,708
Per dollar of sales	16.6¢	19.0¢	19.1¢	18.7¢
Income taxes	91,825	60,407	49,429	43,886
Per dollar of sales	8.9¢	9.9¢	9.9¢	9.8¢
Net earnings—footnote (ii)	74,725	55,760	46,022	39,822
Per dollar of sales	7.2¢	9.2¢	9.2¢	8.9¢
Per Common share—footnote (iii)	\$ 2.67	\$ 1.96	\$ 1.62	\$ 1.40
Dividends	26,894	21,970	19,199	17,056
Per Common share—footnote (iii)	96.0¢	77.5¢	67.5¢	60.0¢
Earnings retained in business	47,831	33,790	26,823	22,766
Balance Sheet and Other Statistics	1974	1973	1972	1971
Current assets	\$ 443,393	\$346,328	\$206,953	\$162,056
Current liabilities	181,317	116,719	53,889	43,539
Working capital	262,076	229,609	153,064	118,517
Ratio of current assets to current liabilities	2.4 to 1	3.0 to 1	3.8 to 1	3.7 to 1
Fixed assets (net)	277,362	246,399	152,813	149,675
Common shareholders' equity	358,398	310,020	288,652	261,569
Per Common share—footnote (iii)	\$ 12.79	\$ 11.07	\$ 10.15	\$ 9.20
Number of shareholders	20,668	21,303	21,537	22,326
Number of employees	29,535	28,760	16,431	15,783

1970	1969	1968	1967	1966	1965
31,841	\$398,836	\$341,275	\$306,665	\$278,734	\$241,313
79,563 18.4¢	78,151 19.6¢	67,398 19.7¢	58,998 19.2¢	53,875 19.3¢	44,692 18.5¢
42,032 9.7¢	42,439 10.6¢	36,524 10.7¢	29,639 9.6¢	27,015 9.7¢	22,313 9.2¢
37,531 8.7¢ 1.32	35,712 9.0¢ \$ 1.26	30,874 9.0¢ \$ 1.09	29,359 9.6¢ \$ 1.04	26,860 9.6¢ 95¢	22,379 9.3¢ 80¢
16,326 57.5¢	13,819 48.8¢	12,747 45.0¢	12,204 43.1¢	10,331 36.6¢	9,247 32.8¢
21,205	21,893	18,127	17,155	16,529	13,132

1970	1969	1968	1967	1966	1965
50,839	\$138,270	\$120,984	\$108,547	\$ 94,497	\$ 81,300
63,379	56,056	45,123	34,835	28,818	25,375
87,460 2.4 to 1	82,214 2.5 to 1	75,861 2.7 to 1	73,712 3.1 to 1	65,679 3.3 to 1	55,925 3.2 to 1
42,146	123,923	104,201	85,881	74,590	61,810
38,228 8.39	216,525 \$ 7.63	193,222 \$ 6.82	175,048 \$ 6.18	157,464 \$ 5.57	140,355 \$ 4.98
23,636	23,225	21,811	18,923	13,222	12,471
16,630	16,717	14,899	14,151	13,448	12,410

(i)
Effective November 23, 1973, when the majority interest in Lamson Industries Limited was acquired, the accounts of that company have been included on a consolidated basis.

(ii)
Net earnings for 1974 include extraordinary earnings of \$2,000,000 equivalent to 7¢ per share (\$864,000 or 3¢ per share in 1973).

(iii)
Net earnings per Common share, dividends per Common share and shareholders' equity per Common share in the years 1965 and 1966 have been adjusted to reflect the four for one subdivision of the Common shares in 1967.



Moore
Corporation
Limited

Subsidiary Corporations

MOORE BUSINESS FORMS, INC.—United States

LAMSON INDUSTRIES LIMITED—Great Britain

MOORE BUSINESS FORMS de MEXICO, S.A. de C.V.—Mexico

MOORE FORMULÁRIOS LIMITADA—Brazil

MOORE BUSINESS FORMS de PUERTO RICO, S.A.—Puerto Rico

MOORE BUSINESS FORMS CARIBBEAN LIMITED—Jamaica

FORMULARIOS COMERCIALES de CENTRO AMERICA, LTDA.
—Guatemala

F. N. BURT COMPANY, INC.—United States

REID DOMINION PACKAGING LIMITED—Canada

Other Corporations

Investments, not consolidated in financial statements

TOPPAN MOORE BUSINESS FORMS CO., LTD.—Japan

FORMULARIOS Y PROCEDIMIENTOS MOORE, S.A.—Venezuela

MOORE BUSINESS FORMS de CENTRO AMERICA, S.A. de C.V.
—El Salvador

LAMSON PARAGON S.A. IND. Y Com.—Argentina

Countries in which Moore Operates

The world-wide operations of Moore Corporation Limited are indicated by the following countries in which the Corporation conducts business:

United States	Venezuela	Great Britain
Canada	Barbados	France
Japan	Hong Kong	Netherlands
Mexico	South Africa	Belgium
Brazil	Rhodesia	Sweden
Puerto Rico	Kenya	Italy
El Salvador	India	Austria
Guatemala	Australia	Portugal
Argentina	New Zealand	Denmark
Jamaica		Norway
		Switzerland
		Irish Republic



Moore
Corporation
Limited

Board of Directors

IRWIN A. BAILEY London, England
*Senior Vice-President
Vice-Chairman,
Lamson Industries Limited*

DAVID W. BARR Toronto *President*

W. HERMAN BROWNE Toronto
Chairman

J. DOUGLAS GIBSON Toronto
*Financial and Economic Consultant
Chairman,
The Consumers' Gas Company*

L. EDWARD GRUBB Toronto
*Chairman and Chief Officer,
The International Nickel Company
of Canada, Limited*

RICHARD W. HAMILTON Toronto
Executive Vice-President

EDWIN H. HEENEY Toronto
*Chairman of the Board,
National Trust Company, Limited*

BERNARD H. PEARCE London, England
Chairman, Lamson Industries Limited

W. HAROLD REA Toronto *Chairman,
Great Canadian Oil Sands Limited*

V. WILLIAM SCULLY Toronto
*Formerly Chairman,
The Steel Company of Canada, Limited*

Honorary Directors

J. STUART FLEMING
Niagara Falls, N.Y.

ROBERT A. LAIDLAW Toronto

ALAN H. TEMPLE New York, N.Y.

GRAHAM F. TOWERS Ottawa

Officers

Chairman of the Board
W. HERMAN BROWNE

President
DAVID W. BARR

Executive Vice-President
RICHARD W. HAMILTON

Senior Vice-President
IRWIN A. BAILEY

Vice-President and Treasurer
JUDSON W. SINCLAIR

Vice-President and Secretary
FRANK W. WOODS

Management of Principal Subsidiaries and Operating Divisions

Business Forms and Related Product Lines

MOORE BUSINESS FORMS, INC.

EASTERN DIVISION—Niagara Falls, N.Y.
Stanley D. Waltman, Vice-President and General Manager

PACIFIC DIVISION—Oakland, Cal.
Lee C. Rumph, Vice-President and General Manager

CENTRAL DIVISION—Glenview, Ill.
Maurice O. Beverley, Vice-President and General Manager

SOUTHERN DIVISION—Denton, Tex.
Chester H. Naukam, Vice-President and General Manager

REDIFORM OFFICE PRODUCTS DIVISION—Paramus, N.J.
Charles S. Roush, General Manager

MACHINERY DIVISION—Dover, N.H.
John L. Wilson, General Manager

RESEARCH DIVISION—Niagara Falls, N.Y.
Robert H. Downie, Vice-President and General Manager

MARKETING—Niagara Falls, N.Y.
Henry P. Cooper, Director of Marketing

LAMSON INDUSTRIES LIMITED—London, England
Jean-Paul R. M. Evans, Managing Director

MOORE BUSINESS FORMS—Toronto, Ont.
DIVISION OF MOORE CORPORATION LIMITED
Wilbur M. Nichols, Vice-President and General Manager

MOORE BUSINESS FORMS INTERNATIONAL—Toronto, Ont.
DIVISION OF MOORE CORPORATION LIMITED
John M. Kirkpatrick, Vice-President and General Manager

MOORE BUSINESS FORMS de MEXICO, S.A. de C.V.
—Tlalnepantla, Mexico
Earl C. Kraft, Vice-President and General Manager

MOORE FORMULÁRIOS LIMITADA—São Paulo, Brazil
Robert G. Prior, General Manager

Custom Packaging

F. N. BURT COMPANY, INC.—Buffalo, N.Y.
Ralph W. Seiler, Vice-President and General Manager

REID DOMINION PACKAGING LIMITED—Hamilton, Ont.
Richard W. Bastien, Executive Vice-President and General Manager

Custom Packaging



A representative sampling of the fine quality custom packaging products of F. N. Burt Company, Inc. and Reid Dominion Packaging Limited is displayed on this page.

These Moore subsidiaries manufacture a wide range of distinctive packaging in the form of setup boxes and folding cartons. The line includes also labels and packaging systems. Production is generally limited to high quality products, such as specially designed packages used in the cosmetics and food industries.

